

## Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 365

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E.O. 11652: N/A

TAGS: EFIN GR

SUBJ: STATUS OF EXIMBANK CREDITS

REF A. STATE 189886 B. ATHENS 6190 C. ATHENS 8298 11/19/74

SUMMARY: PRESENT GOG REGULATIONS ON PROCEDURES FOR GREEK BORROWERS TO OBTAIN FOREIGN FINANCING FOR IMPORTS ARE COMPLEX AND AMORPHOUS. COORDINATION AND PLANNING MINISTRY IS CURRENTLY WORKING ON REVISION OF THIS ASPECT OF GOG CREDIT POLICY, AND WE EXPECT EARLY PROMULGATION OF NEW MEASURES, INCLUDING SOME SIMPLIFICATION AND RELAXATION OF REGULATIONS, IN ORDER TO ENCOURAGE OVERSEAS BORROWING FOR PRODUCTIVE INVESTMENT PROJECTS (SEE REF B). IN COURSE OF DISCUSSION ON OTHER MATTERS WITH EXECUTIVE SECRETARY KYRILLOPOULOS OF THE BANK OF GREECE (BOG), EMBOFF MENTIONED IN PASSING THE QUESTION OF GOVERNMENT CLEARANCES FOR POTENTIAL EXIM CLIENTS. KYRILLOPOULOS EXPRESSED CONCERN THAT ANY DELAYS HAVE OCCURRED IN PAST, AND OFFERED HIS ASSISTANCE IN RESOLVING ANY PROBLEMS IN THIS AREA. AS YOU KNOW, DISPOSITION TOWARDS EXIM IN GOVERNMENT CIRCLES IS VERY POSITIVE, AND EMBASSY WOULD WELCOME OPPORTUNITY TO BRING SPECIFIC CASES TO ATTENTION OF APPROPRIATE GREEK OFFICIALS. OUTLINE OF PRESENT OPERATING PROCEDURES FOLLOWS: END SUMMARY.

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1. IN GENERAL, GOG CURRENCY COMMITTEE APPROVAL MUST BE OBTAINED

BY GREEK BORROWERS SEEKING FOREIGN FINANCING. COMMITTEE IS GIVEN WIDE DISCRETION IN APPROVING OR REJECTING APPLICATIONS, WITH EACH CASE DECIDED IN AD HOC FASHION. PURPOSE OF LOAN AND REPAYMENT ARE MOST IMPORTANT FACTORS CONSIDERED. A WRITTEN CERTIFICATION, CONTAINING TERMS OF REPAYMENT, IS ISSUED FOR ALL APPROVALS AND CONSTITUTES BOG COMMITMENT TO MAKE AVAILABLE FOREIGN EXCHANGE FOR REPAYMENT.

2. UNDER CERTAIN CIRCUMSTANCES, HOWEVER, ONLY OFFICIAL CLEARANCE REQUIRED BY GOG FOR OVERSEAS FINANCING OF IMPORTS IS VALID IMPORT LICENCE. MYRIAD REGULATIONS GOVERN TYPES OF PRODUCTS WHICH QUALIFY FOR SUCH TREATMENT, BUT, IN GENERAL TERMS, IT IS LIMITED TO ESSENTIAL GOODS NOT PRODUCED IN GREECE. FINANCING MUST BE SUPPLIED CREDIS. IN MANY CASES COMMERCIAL BANKS CAN APPROVE SUCH IMPORTS AT THEIR OWN DISCRETION, ALTHOUGH IN SOME INSTANCES, DEPENDING ON THE PRODUCT, MINISTRY OF COMMERCE OR OTHER GOVERNMENTAL AGENCY MUST ALSO CLEAR. AS INDICATED IN REF C. INTEREST RATE MUST BE WITHIN LIMITS ESTABLISHED BY BOG (I.E. NOT MORE THAN FOUR UNITS ABOVE REDISCOUNT RATE OF COUNTRY OF ORIGIN OF PRODUCT). EVEN IN THESE TRANSACTIONS, THE IMPORT LICENSE, WITH A DESCRIPTION OF THE TERMS OF REPAYMENT, MUST BE REGISTERED WITH THE BANK OF GREECE.

3. TRANSACTIONS WITHIN SCOPE OF CFF PROGRAM DO NOT HAVE TO BE INDIVIDUALLY CLEARED WITH THE BOG. THE CREDIT BANK, FOR EXAMPLE, HAS BEEN GIVEN A BLANKET CLEARANCE FOR A SPECIFIC TIME FRAME, WHICH, IN EFFECT, DELEGATES RESPONSIBILITY TO THE BANK FOR APPROVAL OF INDIVIDUAL TRANSACTIONS.

4. WITH RESPECT TO THE AVAILABILITY OF DOCUMENTATION SHOWING THAT LOAN IS OFFICIALLY APPROVED, EXIMBANK CAN REQUEST A COPY OF CURRENCY COMMITTEE APPROVAL WHERE SUCH APPROVAL IS REQUIRED (PROBABLY THE VAST MAJORITY OF EXIM BUSINESS). IN CASES DESCRIBED IN PARA 2, WHERE NO CURRENCY COMMITTEE APPROVAL IS NECESSARY, EXIM COULD REQUIRE A COPY OF VALID IMPORT LICENSE, AND/OR A STATEMENT FROM BLG THAT COMMERCIAL BANK HAS DEPOSITED IMPORT LICENSE. THE ADDED SECURITY TO EXIM WOULD BE GAINED, OF COURSE, ONLY WITH SOME INCREASE IN RED TAPE. SUCH DOCUMENTATION MIGHT BE REQUIRED ON A SELECTIVE BASIS, E.G. FROM FIRST TIME OR INFREQUENT CUSTOMERS, ESPECIALLY WHEN DEALING THROUGH GREEK BANKS WHICH MIGHT BE UNFAMILIAR WITH EXIM MODUS OPERANDI. LIMITED OFFICIAL USE

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5. EMBASSY WOULD WELCOME OPPORTUNITY TO DISCUSS SPECIFIC CASES WITH GOG OFFICIALS TO HELP RESOLVE ANY PROBLEM AREAS WHICH MIGHT HINDER EXPANSION OF EXIM ACTIVITY IN GREECE. KUBISCH

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